bring in any extraneous issues. We tried to prevent that. We said that as a beginning, we should start with the objective of building up economic cooperation among the Indian Ocean Rim Countries.

In regard to the first part of the question, I must frankly admit that I deliberately avoided it. If two teachers engage themselves in the theoretical discussion, perhaps, other Members will not find it very comfortable. So, I thought that I would not refer to it. Of course, it is known to everybody that whether it is our foreign policy or economic policy, nothing is in isolation.

4.00 P.M.

The policy is an integrated one. Therefore, you cannot just compartmentalise it. But, I do not subscribe to the view that our economic policies are dependent on anybody or on any other policies. As our foreign policies are independent, equally, our economic policies also are independent irrespective of the fact that you are alleging me to be a signatory to the WTO.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): I am sure that hon. Members are satisfied by the reply of the hon. Minister.

SHRI S. JAIPAL REDDY: Madam, only one comment I want to make. Even the Minister, while making the statement in regard to economic independence, was not very serious. ...(*Interruptions*).

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Thank you, Mr. Minister. ...(*Interruptions*).

DR. BIPLAB DASGUPTA: Actually, the argument given by the Minister in his capacity as the Minister of Commerce ...(*Interruptions*)... was that unless we signed the WTO, we were going to be isolated, it would be putting us in a serious position and all that. I am not pressing him on that any more. The point I am making is, it is something inconsistent. This inconsistency has to be removed.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): I think we should end this discussion here with the good humour and good note of the hon. Minister. Thank you very much, Mr. Minister. We shall now proceed to the further discussion on the General Budget.

SHRI S. JAIPAL REDDY: Where is the Finance Minister, Madam?

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): He is there.

SHRI S. JAIPAL REDDY: Of course, my good friend is here. All the same, the senior Minister has also to be here.

THE VICE-CHAIRMAN: Dr. Shrikant Ramchandra Jichkar was speaking on this yesterday. He will continue now.

THE BUDGET (GENERAL), 1995-96

DR. SHRIKANT RAMCHANDRA JICKHAR (Maharashtra): Madam, I would just recapitulate the argument which I was trying to make yesterday about Maharashtra's cotton scheme. This scheme came into existence in 1971 to eliminate the middlemen. In the Government of India, there is a feeling that this is a sort of monopoly. I want to make it clear that this scheme, by no stretch of imagination, can be a monopoly. In economics, monopoly is monopoly of production or monopoly of sales. In this scheme, there is no monopoly of production, nor is there monopoly of sales. Anybody can produce cotton and anybody can purchase cotton from the Federation. What has been done is that the middleman has been excluded. But there is a feeling that this scheme is a sort of monopoly and therefore, whenever the Government of Maharashtra comes to the Central Government seeking permission to extend this scheme every year, we find that the same argument of monopoly is made in the secretariat.

Madam, when the scheme began, nine lakh bales of cotton were processed. Today, 20 lakh cotton bales are being processed by

the scheme. There are 11 lakh farmers who are card-holders and account-holders of this scheme. All these 11 lakh farmers have their accounts in the banks and make their transactions by cheque because whenever cotton is sold to the Federation, which is the agency of the Government to purchase cotton, money is transferred to the accounts of the farmers. Any amount of eduction by the Adult Education Scheme, any amount of eduction by any other scheme of the Government to farmers to learn banking and accounting practices, would not have achieved this. Today, 11 lakh simple farmers, 11 lakh illiterate farmers, know how to operate their accounts and do their agricultural transactions in Maharashtra by cheque. This is one of the biggest achievements of the scheme in Maharashtra. Madam, this scheme was started by the Congress Government and evey Congress Government implemented this scheme. And it got support from the Centre. This time, when the BJP-Shiv Sena Government came, they did not have well-knit policy about what they were going to do about the scheme. So, people were doubtbful whether the new Government would like to continue the scheme or not. Madam, when the new Government came to power, this BJP-Shiv Sena Government, after their Minister made a study of the scheme, decided that they should extend it.

SHRI TRILOKI NATH CHATURVEDI (Uttar Pradesh): Madam, we are discussing the Central Budget, not the Maharashtra Budget and the Maharashtra policy. (*Interruptions*)... I know Shiv Sena is very dear to the hon. Minister and, particularly, to Mr. Vayalar Ravi. That is different matter. (*Interruptions*)... I thought he, being a man of such a stature and manner, was devoting himself to the Central Budget.

DR. SHRIKANT RAMCHANDRA JICHKAR: Madam, I would like to tell Chaturvediji that this forms very much a part of the Union Budget because every year the Government of Maharashtra has to come to the Union Government for extension of the scheme. The new Government has now requested the Union Government to extend this scheme. I am trying to make this point that the Central Government should give extension to this scheme this year also. Last year when the Central Government gave extension to this scheme, it took un-undertaking from the Maharashtra Government that henceforth it would not ask for extension. This new BJP-Shiv Sena Government has also decided that this scheme should be extended. I request the Central Government that it must grant extension to this schemes. I will give one example. Mr. Sharad Joshi, who is a great agricultural leader, was opposing this scheme. When he went to this constituency, Hinganghat-Billoli, and told the people that the Shetkari Sanghatana was opposing this scheme, a person not less eminent than Mr. Sharad Joshi lost in the election because in cotton-growing areas he said that he was not supporting this scheme. Such is the importance of this scheme. Therefore, I want to mention during my speech on the General Budget that it is very essential. The Finance Ministry, the Commerce Ministry and the Textiles Ministry, all these three Ministries, come into play while granting extension to this scheme. Therefore, I request the Central Government that it should grant not an year-to-year extension but a long-term extension to this scheme. My second point is about the cost of production of various commodities. Madam, Government has the intension of controlling prices. Each and every Government has this genuine intention. But many a time we are not able to control prices. One of the mechanisms to control prices is to inform the general public about the cost of production of the commodities. Madam, in the agricultural sector, there is no commodity of which the cost of production is not known to the public. There is a commission on agricultural costs and prices. It publishes the data on the cost of production. I want

to say that the Government need not attach any policy to publishing the cost of production of various commodities. Let the companies put a price label, whatever they want, the Government should not control the prices, the selling prices. But the Government should evolve some mechanism to publish the cost of production of commodities. It has been found that the cost of production of hundreds of thousands of commodities are much, much lower than their selling price. Mrs. Sudha Pillai, the then Secretary of the Company Administration Department, is reported in India Today saying that the selling price of articles and cosmetics in toilet group are 14 times to 20 times more than their cost of production. The cost of production of cement is Rs. 104 per tonne, that is, a bag of 50 kilograms of cement would cost Rs. 52. But it is sold at the rate of more than Rs. 130 per bag. The cost of production of one cigarette is five naya paise and no cigarette is sold for less than a rupee. The cost of production of 150 grams of tooth-paste is Rs. 1.50. This is the statistic available from the companies themselves. No tooth-paste is sold at a rate of less than Rs. 7 or Rs. 8 per 100 grams.

Madam, let the public know what the cost of production of various commodities is. Everybody knows about the cost of production of commodities in the agricultural sector. Let the cost of production be known to the public in the industrial sector also.

Madam, take the example of cotton-to-cloth. Today, one kilogram of cotton costs Rs. 20 and one kilogram of *rui* costs Rs. 60. The cost of conversion of one kilogram of *rui* to cloth is Rs. 60. So, in Rs. 120 you will have 10 metres of cloth. The cost of production of one metre of cloth of 28 to 30 counts would be Rs. 12. Nowhere in India you get this type of cloth for less than Rs. 30 or Rs. 35. Let them charge whatever they want. But let the people know what the cost of production of various commodities which they are producing is. My suggestion to the Government is that Committee of Members of Parliament should be set up to examine this issue of cost of production without attaching any policy label to it. The Government must make it clear that they do not want to control the selling price of commodities but only wants to educate the public by letting them know what the cost of production of various commodities is. This is my second point.

I have got two more points. I would like to seek an academic exercise from this Government because whenever there is a discussion on the Budget they always say in the House or outside the House that deficit finance would lead to increase in prices. Whenever studies have been made—studies have been made privately and studies have been made in history—it has been found that deficit finance has nothing to do with the increase in prices. I would like to draw the attention of the Minister to Marx's Third Volume of "Capital" wherein the data on currency in circulation in England and the prices of 30 commodities have been tabulated for 20 years from 1831 to 1851. A similar exercise was done in America in the thirties to fifties. The Governor of the Bank of England has submitted this data. The conclusion in Marx's "Capital" is that there is no correlation between deficit finance and increase in prices. I would like the Minister to make a study. In our economy there are administered prices and there are market prices which are determined in the market. We don't have a distinction between the two prices because everything is sold in the same market. I would like the Minister to evolve some mechanism of conducting a study and let us know as to what is the scientific relationship between the deficit finance and increase in prices because at present there is no such study available.

Secondly, in the Economic Survey when we get prices of various commodities, we cannot distinguish between the administered prices and the

prices which have been developed in the market. I would like the Minister to evolve some mechanism to educate the people as to the distinction between the administered prices and the market prices so that we are able to get the scientific benefit from this. We will be able to scientifically know as to what is the exact position. Today, everybody says that whenever there is a deficit finance, the prices will rise. But the prices are not rising in many sectors like agriculture. In many sectors the prices have been falling. The Finance Minister has very rightly pointed out the various sectors and various the commodities where the wholesale prices are falling. Thank you.

SHRI S. JAIPAL REDDY (Andhra Pradesh): Madam, Vice-Chairperson, our Budget session this year has been cannibalized. In fact, even the discussion on the Budget has been cannibalized. Be that as it may, we will have to speak to place our views on record. Our Finance Minister is no doubt a sound economist. But after he got politically converted to free market economics, he has to be a sound economist. He has correspondingly developed skills of packaging. He has tried to package his Budget in a very alluring fashion. But the problem is, his packaging is also very thin. The quality of his goods is so poor that the customers are no longer deceived. Even his committed clientele, namely the stock-brokers, are not longer impressed. When he presented the Budget last year the stock market plummeted. This year, of course, after he presented the Budget, there has been a free fall in the stock market. let me hasten to add that the stock market for me is no barometer. But I would like to judge the Finance Minister by his own criterion. He has always set a lot of store by what happens or what does not happen in the stock market. I shall deal with the Budget in terms of repudiation of some of the claims, tall and hollow claims of the Finance Minister and also in terms of articulating my own serious concerns about the macro economic features.

The Finance Minister and his cohorts of late, have been making tall claims on three fronts; One, relating to foreign exchange reserves. Two, relating to economic growth rate, Three, the accent on the alleviation of poverty. May I submit, Madam, that all these claims are highly questionable? He has, in fact, taken recourse to classic abuse of statistics to make these claims. The proof of the economic pudding, I should say is in the political eating. The recent round of elections shows that the masses are not impressed by his claims. Something, therefore, he should realise, is rotten in the State of Denmark. The most spectacular achievement he has been flaunting is on the front of foreign exchange reserves. He is never tired of telling us that the one billion dollar reserves rose to over 20 billion dollars. He must look at the structure of the foreign exchange reserve. More than two-thirds of the reserves are such that they can be called 'hot money.' What is this 'hot Money'? It is finance capital, interested in trade assets, quick capital gains, arbitrage oprations and foreign exchange speculation. If 50 per cent of the 'hot money' flies away, our nation will get into a much bigger foreign exchange crunch that it did in 1991.

Madam, in the whole of the eighties, Mexico was held up as the prime example of success of this new economic policy which in the international economic parlance is known as the structural adjustment policy. What happened to Mexico? We all know about the recent Mexican melt-down. I don't want to quote a left economist like Dr. Ashok Mitra. I would like to quote from the *Economist* of London which is the high-priest of this globalisation policy. While analysing the Mexican syndrome, the *Economist* says and I quote:

> "The country's downfall came at the hands of international investors, the very people who ought to have been most impressed by its achievements. Many had believed that at the end of the 1980s', that

crisis marked a turning point for the third world. Now the example of transformation is in doldrums..."

I wish to quote a little more:

"The deficit had been driven not by heavy Government borrowing but by a big inflow of profit-seeking capital. After the debt troubles of the 1980's few any longer believed that heavy inflows of capital to the third world were always and everywhere a good thing. But almost everybody thought that the most discriminating capital of the early 1990's flowing less to the Government and more to the private firms, less in the form of bank loans and more as portfolio and direct investment was better suited to developing countries. Were they wrong?

The answer is plainly the optism of the early 1990s was overdone..."

Madam, I wish to quote a little more. I am not reading the whole article because it runs into pages and pages. I quote:

"In Mexico's case, political uncertainty read the decline of the Congress party in India. Due to the rising American interest rates; the foreign investors are no longer willing to hold the country's assets at current prices. Once the Mexican peso collapses, what happens? The contingency did not confine itself to Mexico. For no fault, it spread to other countries. It spread to Argentina, Brazil, Hungary and Portugal because the pensioner who provides funds for these foreign institutions instructed that his money should go back to America. It should not be invested in third world countries. This is know today as flight of capital to quality."

I don't think that our Finance Minister is ignorant of this phenomenon. In fact, I was quite impressed when he recently made a statement that the World Bank and the IMF should provide some protection to third world economies against the macro uncertainties of the global finances. He was, in fact, referring to the Mexican crisis and its after-effects. Even the IMF officals who recently visited India gave a warning to India in public about the likely course that the Indian economy could take on the Mexican model.

Madam, we should realise that trillions of dollars, are floating across the continents and countries. They are footloose money. They are not stable money and Dr. Manmohan Singh would like to put all his eggs in the rotten basket of this footloose money. I would like to appeal to him to see that India's economy is not rendered vulnerable to these volcanic volatalities of the global capital market. A sneeze in the global capital market, thanks to the mad rush in the direction of global integration, can cause a cyclone in India. Therefore, whenever he talks of his foreign exchange reserves, he must realise how his achievement is superficial and fragile. I would go a step further and say, it is, in fact, fatuous. I am not saying, Madam, that all my fears will come true. I wish my fears prove to be lairs. I also wish that the hopes of Dr. Manmohan Singh don't prove to be dupes. I do welcome foreign direct investment. In the modern world we cannot do without foreign direct investment. But, what are the investments flowing into our country? Until September, 1994, the foreign direct investment that flowed into the country is only 1.1 billion dollars. I don't know what has since flowed. I have not been able to lay my hands on those statistics. But this is a paltry sum. Well, there has been some promise or threat—I don't know how to describe that of a flow into our core sector, our infrastructure sector. Even if one assumes that this flow into this sector is necessary, one must see to it that this flow is in conformity with the lofty philosophy of Dr. Manmohan Singh's free trade. Is it in conformity with your free trade philosophy?

According to the IDBI's assessment, in the Enron project, there would be 40% guaranteed return on equity. This is apart from over-invoicing which, I have already stated, could be to the extent of 30 to 40%. The World Bank made an assessment and said that at peak generation Enron could get 900 million dollars annually. This is without taking into consideration the increase in the cost of fuel which is a certainty, and what is worse, Madam, even the foreign exchange fluctuations have been completely protected. I know the Finance Ministry did resist, but what is the degree of resistance? He can neither resist multinationals nor can he resist his Minister. In fact he fell in line. I am not opposed to this project because of the counter-guarantee. Whether the guarantee is offered by an electricity board or by the State Government or by the Central Government, it does not make much difference. I am opposed to the principle of guaranteed return on investment. Where is the element of risk which is an integral part of the free trade philosophy?

What is happening in the oil sector? Oil fields discovered and proven by ONGC are being handed over on a silver platter on scandalous terms. Are the terms in conformity with any policy? Are the negotiations transparent? No.

What is happening in the telecom sector? The policy stated that they would first put in place a telecom regulatory authority before privatising the sector. But the Concerned Minister is rushing post haste with privatisation without putting in place a regulatory authority.

Rich iron ores are being bartered away. This is an excellent example of nationalisation of losses and privatisation of profits.

I do not think, in the history of free India any period witnessed so many scandals. Scandals galore and scandals gargantuan. Though our Finance Minister is a very clean man personally, he has become a presiding deity, a patron-saint of these numerous scandals I am not referring to systems scandals.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): This is not fair. Madam, this is not fair.

SHRI M.A. BABY (Kerala): Scandals have been nationalised!

SHRI S. JAIPAL REDDY: Madam, I am expressing all these things with a sense of responsibility because our Finance Minister cannot be a witness to what is happening. The Finance Minister had a role to play partly in all these deals. *(Interruptions)* These are our strong doubts.

THE MINISTER OF STATE OF THE MINISTRY OF ENVIRONMENT AND FORESTS (SHRI KAMAL NATH): Madam, you will appreciate, he should not frame it in the manner in which it gives ..*(Interruptions)*.. If he is talking of a policy framework, it is all right.

SHRI S. JAIPAL REDDY: No. I first credited the Finance Minister with great personal integrity. Therefore, he is developing the capacity to become the presiding deity for all these things. That is the problem. If he is not honest then it would have been easier for us ..*(Interruptions)*.. to deal with.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Mr. Jaipal Reddy, you should come to the point and speak.

SHRI MANMOHAN SIHGH: Madam, I respectfully submit that this is not a fair comment. How am I a presiding deity of scandals?

SHRI DIGVIJAY SINGH (Bihar): You have sanctioned the Enron project. Don't you think that it is a scandalous project?

SHRI S. JAIPAL REDDY: Madam, if all these deals are allowed to be gone through, it will have a tremendous impact on the inflationary situation. It will lead to globalisation of our prices. As a group of Economists pointed out, we will globalise the prices without globalisation

of incomes. Madam, that will lead to uncompetitiveness of our industries. Our industries will have to pay more for power in the years to come. It will also make it difficult for exporters to deal with the situation.

We are no longer passing through a phase of reforms. They ended more than a year back. Today reforms have taken a back-seat and deals have taken the front seat. In the Congress Party, there are wheels within wheels; in the Congress Government, there are deals within deals. As a consequence of this, most of the Ministers dealing with economic portfolio have almost bacome wheeler-dealers now.

SHRI KAMAL NATH: Madam, this is a personal charge against the Minister. ..*(Interruptions)*..

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Mr. Jaipal Reddy, you should not say all this about any political party. You have talked about..*(Interruptions)*.. It is not fair.

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI R.L. BHATIA): Madam, he cannot say that he is the only honest Minister. It is not fair. We do not expect it from a person like him.

SHRI S. JAIPAL REDDY: I did not say that every Minister is involved.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): But, you should not say all these things...*(Interruptions)*.. You should not say anything about any political party.

SHRI S. JAIPAL REDDY: Then what should I say, Madam?I am saying with all the emphasis at my command that the reforms are no longer on. Reforms have been replaced and succeeded by deals. That is what I saying ...*(Interruptions)*...

श्री नरेश यादव (बिहार): सत्य बोलना क्या पालिसी में नहीं आता है?

उपसभाध्यक्ष (कुमारी सरोज खापर्डे): आपको परमीशन तो नहीं दी है बोलने के लिए।

He is competent enough to say all these things. Why are you getting up unnecessary?

SHRI S. JAIPAL REDDY: Madam, this is not the way by which we will be able to solve either our foreign exchange problem or the problem of our investment.

Madam, now,I will come to the second tall claim of our Finance Minister. He says that industrial growth is 8.7 per cent and the annual growth in 1994-95 would be 5.3 per cent. But, he does not tell us that all these calculations have been made on the basis of a low base. What was the growth rate in 1993-94, 1992-93 and 1991-1992? If the low base is taken into consideration, we will find, Madam, that this claim is highly untenable. Madam, as for the growth of 5.3 per cent, it is important to note that a large contribution has been made by the services sector, which is not a goods producing sector, which in my view is half real and half illusion. Our Finance Minister is very proud of 30 million tonnes of food grains in stock ...*(Interruptions)*... But, I am grateful to our rain God but for whom this stock could not have been built up. Never in the living memory of India ...*(Interruptions)*... I am trying to make a very serious point. Never in the living memory did India have seven successive good monsoons. ..*(Interruptions)* I am happy to note that the meteorological forecast for the next year is also good. Therefore, I consider Manmohan Singh to be fortunate in the short run..*(Interruptions)*. Madam, I would like to make one macro economic point...*(Interruptions)*.. You have 20 billion dollars of foreign exchange and 30 million tonnes of foodgrains, but, why do you have inflation? Did you try to explain? How is it that the inflation is not being controlled? I am not talking of our recent trends, but I am..*(Interruptions)*..No, I will come to that ..*(Interruptions)*..No, no I will come to that.

DR. BIPLAB DASGUPTA: He wants to reply on your behalf.

SHRI S. JAIPAL REDDY: There is a demand constraint. That is the point that I am making. If there is not off-take, there is a demand constraint; the purchasing power of a large section of the people has been substantially eroded. This has to be appreciated by the Finance Minister. Madam, in his Budget Speech, he made an extraordinary effort to convey the impression that his Budget is meant for the poor. But, is that claim substantiated by the Budgetary provisions? Madam, I would say, for many of his schemes, there is no budgetary support. I will now mention a few examples Rs. 2,000 crores have been allotted for completion of infrastructure projects in the rural areas, not from the Budget but from NABARD. Rs. 500 crores from NABARD have been allotted for SC/ST schemes. Rs. 1,000 crores have been allotted for Khadi and village Industries Commission and Khadi and villages Industries Board schemes from banks. Refinancing for banks from the NABARD for financing the Handloom Sector. Rs. 200 crores from the SIDBI for the small scale industry units. Group insurance schemes are to be funded by the LIC. I really doubt whether all these projects can be grounded because there is a different between budgetary support and the instructions to be given by the Finance Minister to the public sector units Madam, Jawahar Rozgar Yojana will in fact generate 233 million man-days less in 1995-96 than it did in 1994-95. IRDP gets Rs. 16 crores less than in the previous year. Bio-gas plants to be installed will be less by 25 per cent. And so can you call this Budget pro-poor? And what happened to the poor in the last few years? According to one account, in 1987 people living below the poverty line were accounting for 37.7 per cent. According to the 48th Round of NSS people living below the poverty line have gone up to 40.5 per cent. So you can see the ...(*Interruptions*)...

SHRI MANMOHAN SINGH: They are not with me.

SHRI S. JAIPAL REDDY: Well, they were available with the Planning Commission. You didn't want to have a look at them; you wanted the Planning Commission to have a look at the figures again.

SHRI MANMOHAN SINGH: This is not expected.

SHRI S. JAIPAL REDDY: I would like to take this opportunity to express my serious concern about the rate of inflation. Free India has not witnessed such a sustained high rate of inflation as during the post-reforms period Between April 1991 and January 1995 prices as measured by the wholesale price index have risen by 47 per cent. The average rate of inflation for this period of 45 months works out to 10.5 per cent. As a result the value of the rupee during this period has lost more than 30 paise. Inflation is one serious concern. My second serious concern is about deficit. The *raison d'etre* of this entire policy was reduction of the fiscal deficit and the fiscal deficit in 1993-94 was 7.7 per cent. For 1994-95, we still don't have the final figures. And it is not likely to be less as and when the actuals are made know. This is in spite of the fact that the PSU shares have been sold. How they were sold is another matter. The moment I refer to a scandal, the Finance Minister squirms in his seat. Therefore, I do not want to add to his discomfort.

But the point I am trying to make here is: Can assets sold be taken into consideration for computing your fiscal deficit? But you have done that. In spite of that, your deficit rate is very high. You are going to sell PSU shares worth Rs. 7,000 crores. Last year, you were to sell shares worth Rs. 4,000 crores; you got Rs. 5,237 crores.

SHRI KAMAL NATH: Financial management, Jaipal. Basics. This is something you know.

SHRI S. JAIPAL REDDY: This is one of the things which I have not been able to learn from Kamal Nath.

SHRI KAMAL NATH: You have not learnt anything from me. If you had learnt, you would not have been there and I would not have been here. (*Interruptions*)

SHRI S. JAIPAL REDDY: Madam, I am more frightened by the revenue deficit. The fiscal deficit, in some ways, could be welcome, as Dr. Ramachandra Jichkar said. Deficit financing is not an unmixed curse. But revenue deficit is an unmixed curse. What is the performance of the Government on this front? In 1991-92, it was 2.6 per cent. In 1993-94, it rose to 4.2 per cent.

SHRI MANMOHAN SINGH: Of what?

SHRI S. JAIPAL REDDY: Of the GDP, of course. Well, the Finance Minister has supplied the missing phrase. I am really grateful to him.

The revenue deficit has shot up from 2.5 per cent of the GDP to 4.2 per cent of the GDP, after you took over, Sir, after you took over, with the avowed objective of reducing it. In absolute terms also, the fiscal deficit went up from Rs. 54,915 crores to Rs. 61,035 crores in 1994-95. So is the case with revenue deficit. I do not want to bore you with all these statistics. But this has happened, as I said earlier, in spite of the sale of PSU shares inspite of the steep decrease in capital expenditure; decrease in fertiliser subsidy...

SHRI MANMOHAN SINGH: Decrease?

SHRI S. JAIPAL REDDY: ...and reduction in the net transfer of resources from the centre to the States. Madam, in 1994-95, the net transfer of resources from the Centre to the States was of the order of Rs. 50,742 crores. Now, in spite of the highly favourable recommendations of the Tenth Finance Commission and its recommendations getting implemented *in toto*, the transfer of resources to the States would be less. I have made my own computation. If I am wrong, let the Finance Minister correct me. It would come to Rs. 49,118 crores during 1995-96. Therefore, the macro-economic features of the economy are far from comfortable.

The third concern of mine is the decrease in Plan expenditure; in capital expenditure. There has been a growing decline in the ratio of capital expenditure to the total Governmental expenditure. During 1985—90, this ratio was 33 per cent.

During 1994-95, it came down to 24 per cent. In 1995-96 this ratio will come down to 21 per cent. The Plan expenditure will actually go down from Rs. 48,761 crores to Rs. 48,500 crores in the current financial year. Procurement of railway wagons is being cut by 50 per cent, locomotives by 20 per cent and addition to power generation will be cut by 50 per cent. This leads me to my fourth concern that the State is withdrawing as part of a premeditated plan from the infrastructure sector. Is this a tenable proposition in a third world country?

This Government is labouring under a great illusion that the infrastructural requirements will be either met from the private sector or from the multi-nationals. This is a dangerous illusion. It will hurt the fabric of our economy beyond repair. Multi-nationals and private sector can never go a long way in meeting our infrastructural needs.

I will now come to the fifth concern of mine--the decline in the savings. In 1980's we had 27 per cent. When Dr. Manmohan Singh took over as Finance Minister, it was around 24 per cent. It has now come down to 20 per cent. So, after the decrease in the savings rate, there is bound to be decrease in the investment rate, which is reflected in the Plan.

Now, I come to my sixth concern. i.e. the internal debt trap. I am one of those who believe that we are already in the midst of internal debt trap. Our internal debt is over Rs. 5,00,000 crores, which is about 55 per cent of our GDP. Our foreign debt is about $90 billion. And if the foreign debt in terms of rupees and the internal debt are put together, they come to nearly 70 per cent of our GDP. And if this is not the internal debt trap, what else is it?

Our debt servicing cost is more than 50 per cent of our total revenue receipts. Our total revenue receipts are in the region of Rs. 1,00,000 crores. Our debt servicing charges are coming to Rs. 50,000 crores.

Madam, I cannot tell all this to Dr. Manmohan Singh. He is a good advocate. He pleaded the Government's case, but he also knows the devil's case--that is myself. But the difficulty is that he is likely to become a prisoner of his own propaganda. Let him be exposed to the fresh air of the criticism of others, who do not share his current wave-length.

SHRI MANMOHAN SINGH: That is why I am here.

DR. BIPLAB DASGUPTA: He calls himself the devil and calls you the God.

SHRI S. JAIPAL REDDY: Madam, I know his contemporary popularity is very high but among whom? It is among the elite. He should be able to draw a distinction between popularity in the narrow elite circles and popularity among the vast masses. And his unpopularity amongst the vast masses has been proved time and again by election results.

Let me also draw another distinction--the distinction between popularity among the contemporaries and popularity among the historians.

And popularity among the historians. Whatever be his popularity among contemporaries I have no doubt in my mind he will be condemned at the bar of historians's opinion Thank you.

श्री संघ प्रिय गौतम (उत्तर प्रदेश): मैडम, यह जानना चाहते हैं कि क्या पांच बजे क्लैरिफिकेशंस पूछे जायेंगे कल जो दो स्टेटमेंट हुए थे?

उपसभाध्यक्ष (कुमारी सरोज खापर्डे): होम अफेयर्स के? ....**(व्यवधान)**

श्री संघ प्रिय गौतम: जी हां। ....**(व्यवधान)**

उपसभाध्यक्ष (कुमारी सरोज खापर्डे): 6 बजे।

श्री संघ प्रिय गौतम : नहीं, कल 5 बजे बताया गया था। ....**(व्यवधान)**

श्रीमती सुषमा स्वराज (हरियाणा): मैडम, आर्डर पेपर पर 6 बजे है, लेकिन मंत्री जी को असुविधा थी इसलिए 5 बजे कर दिया। ....**(व्यवधान)**

श्री संघ प्रिय गौतम: गृह मंत्री जी आ गए हैं।

श्रीमती सुषमा स्वराज: हां, वह आ गए हैं। ....**(व्यवधान)** सुरजेवाला जी शुरू करेंगे या इसी को शुरु करना है? ....**(व्यवधान)** आर्डर पेपर में 6 बजे लिखा है, लेकिन हम लोगों को सूचना दी गई कि मंत्री जी को असुविधा है, पांच बजे आने में सुविधा है, इसलिए वह किया ...**(व्यवधान)** 6 बजे वहां गुलेटिन है, इसलिए वह आ गए। ....**(व्यवधान)**

SHRI S.S. SURJEWALA (HARYANA): Madam Vice-Chairperson, I support the Union Budget. ..*(Interruptions)*..

उपसभाध्यक्ष (कुमारी सरोज खापर्डे): सुरजेवाला जी, पांच बजे होम मिनिस्टिर साहब को स्टेटमेंट करना होगा मतलब क्लैरिफिकेशंस का जवाब देना होगा तो पांच बजे आप जरा रूक जायेंगे और बाद में कंटीन्यू करिएगा। अभी तो 5 मिनट के लिए आप बोल सकते है। .....**(व्यवधान)**

श्री जगदीश प्रसाद माथुर: वह बाद में बोल लें, उसमें दिक्कत क्या है? ...**(व्यवधान)** चव्हाण साहब से पहले करवा लें। ....**(व्यवधान)**

उपसभाध्यक्ष (कुमारी सरोज खापर्डे) ठीक है।

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): We shall now take up clarifications on the statement regarding withdrawal of restricted area permit from Assam, Meghalaya and Tripura. Shri John F. Fernandes.

SHRI GURUDAS DAS GUPTA (West Bengal): Madam, I want to say something.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): You told me that you have got some permission from the Chairman to speak. What is that?

SHRI GURUDAS DAS GUPTA: Madam, I may be permitted to seek one clarification from the hon. Home Minister before the discussion begins on this subject.

Madam, I draw the attention of the hon. Home Minister to the reports that have appeared in the Press about a Cabinet meeting that was held yesterday. We welcome the Government's decision that they are in a mood to do away with the notorious TADA law. On that issue, I have no quarrel. But the point is while the Parliament is in sesson, such an important decision, if taken by the Cabinet should be first announced on the floor of the House rather than giving it to the Press at the end of the Cabinet meeting. This decision has been widely reported. It cannot be a scoop. Somebody must have given it. If it was done, in my humble opinion, a great impropriety has been committed. I only seek hon. Home Minister's opinion on this. ..(*Interruptions*)..

That is not the point. We have all demanded it. That is quite true. The hon. Prime Minister also said that something else would be done. That is true. The intention of the Government is one thing and to have it passed in a meeting of the Cabinet and to get it leaked to the Press on the same day without announcing it on the floor of the House when the Parliament is in session is another thing. In my opinion, it constitutes an act of great impropriety. I would like to know the position of the Government on this.

SHRI S. JAIPAL REDDY: Madam, I would like to make another point in the same context. The Cabinet not only took a decision to let the TADA law lapse, but also to enact a new law which is a policy decision, which is a more substantive policy decision. When the Parliament is in session, we should have been taken into confidence. What is the shape of the new law? If the new law is old wine in a new bottle, why should the TADA law be allowed to lapse? ..(*Interruptions*)...

THE MINISTER OF HOME AFFAIRS (SHRI S.B. CHAVAN): Madam Vice-Chairperson, I have gone through the Press reports which have appeared in a number of newspapers.

5.00 P.M.

And, if hon. Members were to go through the report--I am sure they have gone through it--they would find that it was not a Press briefing by any official on behalf of the Government. It is kind of news item which they have given. Newspapermen had been hovering around the place of the meeting. and it is also, sometimes, a kind of surmise they give. But, without conceding, I would like to argue the point raised. The main point is, even if such a decision is taken and announced by the Government, whether it amounts to impropriety or not. Madam, there are a number of rulings in this matter in which it has been clearly laid down that if there are some important items which agitate the minds of people, instead of waiting for making an announcement on the floor of the House, if it is necessary, if the Government considers that it is a far more important thing which people have to know.....(*Interruptions*).

SHRI S. JAIPAL REDDY: There is no such ruling.

SHRI GURUDAS DAS GUPTA: There is no such ruling. (*Interruptions*).

SHRI S.B. CHAVAN: Your shouting is not going to help at all. (*Interruptions*).

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Mr. Das Gupta, the Home Minister has not finished his reply. Please listen to him. Please sit down.

SHRI S.B. CHAVAN: Merely because you are able to shout, it does not necessarily mean that the merits of the case are going to change. They are not going to change merely because you are creating some kind of a noise here. I am sorry to say this. But in this particular case, it is a news item published by a newspaper, not given by the Government and so...*(Interruptions)*.

SHRI GURUDAS DAS GUPTA: Do the Press people have a representative in the Cabinet meeting also? The Cabinet meeting is attended by Cabinet members. Apart from them, only the Cabinet Secretary is there. It is a high level. It is the top-most layer of administration. Even in such a meeting if a decision cannot be a guarded secret, if it is also leaked out, that only speaks of the present position of the Government. *(Interruptions)*.

SHRI S.B. CHAVAN: I think I have clarified the position. It is not the Government which has announced anything. If the Government has to announce, certainly, it will....*(Interruptions)*.

SHRI GURUDAS DAS GUPTA: It was given to the Press deliberately to silence critics. *(Interruptions)*.

THE VICE-CHARIMAN (MISS SAROJ KHAPARDE): Mr. Das Gupta, the Home Minister is clarifying the position. Please listen to him. There is not point putting, again and again, the same question.

SHRI S.B. CHAVAN: The Government has not leaked out this information. If the Press people who were hovering around got some sort of information, I could not stop them from reporting. They have said, "from informed sources". How can I say what it is? They have not said how they got the information. But, I can inform hon. Members that I propose to consult the leaders of the Opposition tomorrow. Tomorrow, I am going to call the leaders of the Opposition from both the Rajya Sabha and the Lok Sabha. I am going to consult them on the new legislation which is on the anvil.

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Thank you, Mr. Minister. Now, we shall take up the clarifications regarding the Restricted Area Permit withdrawal.

Shri John Fernandes. Absent. Smt. Sushma Swaraj.

CLARIFICATION ON THE STATEMENT BY MINISTER—

Withdrawal of restricted area permit from Assam, Meghalaya and Tripura

श्रीमती सुषमा स्वराज (हरियाणा): धन्यवाद उपसभापति जी। आसाम, मेघालय और त्रिपुरा इन तीन राज्यों से रिस्ट्रिक्टेड एरिया परमिट हटाने के संबंध में गृह मंत्री द्वारा इस सदन में दिए गए वक्तव्य को मैंने बहुत ध्यान से पढ़ा है। इस वक्तव्य में से कुछ बहुत महत्वपूर्ण मुद्दे उठाए हैं जिनके संबंध में मैं आपके माध्यम से गृह मंत्रीजी से स्पष्टीकरण लेना चाहूंगी। उपसभापति जी, मेरे और मंत्रीजी के बीच में एक मंत्री और एक सांसद आ खड़े हुए हैं, अब मैं कैसे देखूं मंत्रीजी को?

उपसभाध्यक्ष (कुमारी सरोज खापर्डे): साहू जी, आप अपनी सीट पर आ जाइए।

श्री रजनी रंजन साहू: सॉरी मैडम।

SHRIMATI JAYANTHI NATARAJAN (Tamil Nadu): But she has to address the Chair, Madam.

श्रीमती सुषमा स्वराज: अगर सुनने वाला सामने दिखायी नहीं दे तो बोलने का फ्लो नहीं आता। वित्त मंत्रीजी आप दूसरे मामलों में बाधक हो रहे हैं तो इसमें भी हो रहे हैं?

गृह मंत्रीजी आपने इस वक्तव्य के प्रथम पैराग्राफ में तीन तरह के परमिट्स का जिक्र किया है— इनर लाइन परमिट जो कि भारतीयों को पूर्वोत्तर के चार राज्यों में जाने के लिए लेना पड़ता है और प्रोटेक्टेड एरिया परमिट व रिस्ट्रिक्टेड एरिया परमिट जो कि विदेशी राष्ट्रिकों को पूर्वोत्तर के 7 अलग-अलग राज्यों में जाने के लिए लेना पड़ता है।

आपने केवल आर०ए०पी० हटाया है, वह रिस्ट्रिक्टिड एरिया परमिट जो विदेशी राष्ट्रिकों को असम, मेघालय और त्रिपुरा में जाने के लिए लेना पड़ता है, केवल उनके संबंध में आपने वक्तव्य दिया है और आपने उद्देश्य